



April 15, 2019

Mr. Adam D. Benson, Budget Administrator
City of Oakland
150 Frank H. Ogawa Plaza, Suite 6216
Oakland, CA 94612

Dear Mr. Benson:

Subject: 2019-20 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Oakland Successor Agency (Agency) submitted an annual Recognized Obligation Payment Schedule for the period of July 1, 2019 through June 30, 2020 (ROPS 19-20) to the California Department of Finance (Finance) on January 25, 2019. Finance has completed its review of the ROPS 19-20.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item Nos. 7, 8, 10, 207, 370, and 426 – Since these items are currently the subject of litigation, the items will continue to be denied until the matters are resolved. Therefore, the Redevelopment Property Tax Trust Fund (RPTTF) requested in the following amounts are not allowed:

Item No.	Project / Obligation Name	Total Outstanding	Total RPTTF Requested
7	Public Employee's Retirement System Pension Obligation	\$21,120,833	\$1,317,884
8	Other Post-Employment Benefits Unfunded Obligation	10,654,015	665,616
10	Unemployment Obligation	1,256,433	0
207	9451 MacArthur Boulevard-Evelyn Rose Project	517,500	517,500
370	Housing Project Management *	4,095,096	508,342
426	West Oakland Loan Indebtedness	\$2,749,243	\$2,717,524

* Total requested for Item No. 370 consists of \$508,342 in RPTTF and \$750,000 in Bond Proceeds, totaling \$1,258,342. The Bond Proceeds is allowed since it is considered use of excess bond proceeds.

- Item No. 67 – Central District Bonds Debt Service in the amount of \$6,770,400 in RPTTF requested for the ROPS 19-20B period. The Agency has cash in its bond reserve fund account in the amount of \$3,948,468, which must be used to satisfy the final debt service payment. Therefore, with the Agency's concurrence, the ROPS 19-20B request has been reduced by \$3,948,468 to \$2,821,932 (\$6,770,400 - \$3,948,468) in RPTTF funding.

- Item No. 371 – Construction Monitoring Services in the outstanding amount of \$118,820 is not allowed. It is our understanding these costs are related to monitoring construction services related to the Calaveras project. The Calaveras project was identified on the Housing Asset Transfer form and approved to transfer to the Housing Successor Entity. Therefore, these related costs are an obligation of the Housing Successor Entity, not the Agency. As a result, the requested amount of \$56,180 in RPTTF funding is not allowed.
- Item Nos. 421 and 422 – MacArthur BART affordable housing and Oak to 9th in the total outstanding amounts \$7,005,000 and \$12,545,373, respectively, have been adjusted. With the Agency's concurrence, Finance determined the outstanding balance of the items should instead be \$6,505,000 and \$15,045,373, respectively. No adjustments were made to the Agency's requested funding for these items.

Pursuant to HSC section 34186, successor agencies are required to report differences between actual payments and past estimated obligations. Reported differences in RPTTF are used to offset current RPTTF distributions. The amount of RPTTF approved in the table on Page 4 includes the prior period adjustment resulting from the County Auditor-Controller's review of the prior period adjustment form submitted by the Agency

Except for the items adjusted, Finance is not objecting to the remaining items listed on the ROPS 19-20. If the Agency disagrees with our determination with respect to any items on the ROPS 19-20, except items which are the subject of litigation disputing our previous or related determinations, the Agency may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available on our website:

http://dof.ca.gov/Programs/Redevelopment/Meet_And_Confer/

The Agency's maximum approved RPTTF distribution for the reporting period is \$59,731,046 as summarized in the Approved RPTTF Distribution table on Page 4 (see Attachment).

RPTTF distributions occur biannually, one distribution for the July 1 through December 31 period (ROPS A period), and one distribution for the January 1 through June 30 period (ROPS B period) based on Finance approved amounts. Since this determination is for the entire ROPS 19-20 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

Absent a Meet and Confer, this is our final determination regarding the obligations listed on the ROPS 19-20. This determination only applies to items when funding was requested for the 12-month period. If a denial by Finance in a previous ROPS is currently the subject of litigation, the item will continue to be denied until the matter is resolved.

The ROPS 19-20 form submitted by the Agency and this determination letter will be posted on our website:

<http://dof.ca.gov/Programs/Redevelopment/ROPS/>

This determination is effective for the ROPS 19-20 period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

Mr. Adam D. Benson
April 15, 2019
Page 3

The amount available from RPTTF is the same as the amount of property tax increment available prior to the enactment of redevelopment dissolution law. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax increment is limited to the amount of funding available to the Agency in RPTTF.

Please direct inquiries to Cindie Lor, Supervisor, or Sarah Krtil, Lead Analyst, at (916) 322-2985.

Sincerely,



JENNIFER WHITAKER
Program Budget Manager

cc: Ms. Bernadette De Leon, Financial Analyst, City of Oakland
Ms. Carol S. Orth, Tax Analysis, Division Chief, Alameda County

Attachment

Approved RPTTF Distribution			
For the period of July 1, 2019 through June 30, 2020			
	ROPS A Period	ROPS B Period	ROPS 19-20 Total
RPTTF Requested	\$ 19,774,254	\$ 48,151,716	\$ 67,925,970
Administrative RPTTF Requested	936,101	936,101	1,872,202
Total RPTTF Requested	20,710,355	49,087,817	69,798,172
RPTTF Requested	19,774,254	48,151,716	67,925,970
<u>Adjustments</u>			
Item No. 7	(658,942)	(658,942)	(1,317,884)
Item No. 8	(332,808)	(332,808)	(665,616)
Item No. 67	0	(3,948,468)	(3,948,468)
Item No. 207	(517,500)	0	(517,500)
Item No. 370	(254,171)	(254,171)	(508,342)
Item No. 371	(28,090)	(28,090)	(56,180)
Item No. 426	(2,717,524)	0	(2,717,524)
	(4,509,035)	(5,222,479)	(9,731,514)
RPTTF Authorized	15,265,219	42,929,237	58,194,456
Administrative RPTTF Authorized	936,101	936,101	1,872,202
Total RPTTF Authorized for Obligations	16,201,320	43,865,338	60,066,658
Prior Period Adjustment	(335,612)	0	(335,612)
Total RPTTF Approved for Distribution	\$ 15,865,708	\$ 43,865,338	\$ 59,731,046